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**Net Marketing Co. Ltd.**

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FINANCIAL RESULTS

FOR THE THIRD QUARTER OF THE FISCAL YEAR ENDING JUNE 30, 2019

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## Financial Highlights

for the Third Quarter of the  
Fiscal Year Ending June 30, 2019



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# Financial Highlights for the Third Quarter of the Fiscal Year Ending June 30, 2019



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The shares of the Company were listed on the First Section of the Tokyo Stock Exchange in April 2019.

We appreciate the support of the stakeholders including our shareholders.

\* March 28, 2019: Approval of the listing of its shares to the First Section of the Tokyo Stock Exchange



## Corporate

- **Mar. 28** Approval of the listing of its shares to the First Section of the Tokyo Stock Exchange (designated on April 4, 2019)

## Business

### Company-wide

## No change in the full-year earnings forecast

### Media Business



#### Omiai results remained strong.

- Omiai** ▶ Because of efforts in marketing optimization, growth in paying members is on a recovery trend. There was a response to changes in the market environment, including the diversification of advertising methods and expansion of the media in which advertising is placed. Efforts were made on social issues in collaboration with local governments (ESG activities).
- **Feb. 9** *Konkatsu* (matchmaking party) was co-hosted by Izumo City, Shimane Prefecture
  - **Mar. 12** Omiai total membership exceeded 4 million
  - **Mar. 23** A spouse hunting and *UIJ Turn* event was held jointly with Aomori Prefecture
- QooN** ▶ End of the service on March 28, 2019 (see the disclosure on February 12, 2019, for details).

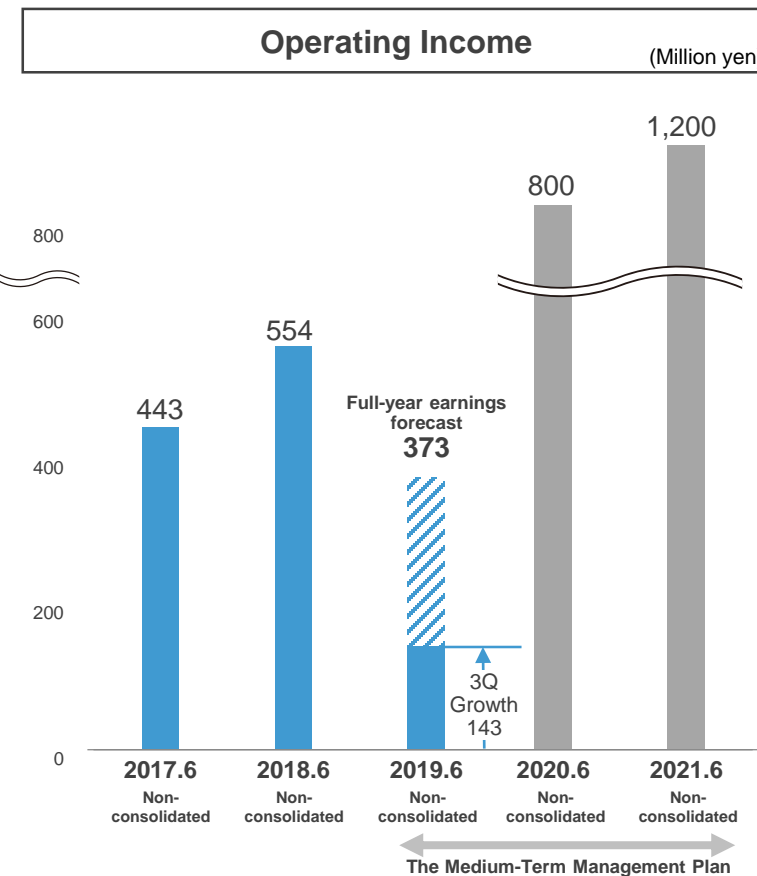
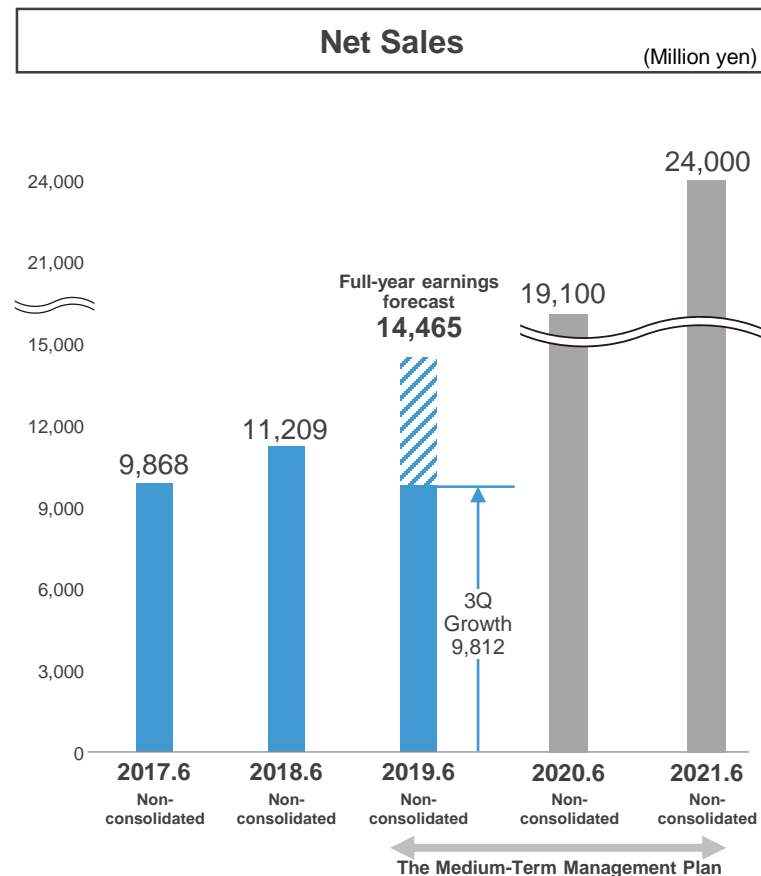
### Advertising Business



#### Continued to enjoy steady results

- We continued sales activities by attaching weight to up-selling and profit increases of existing projects.
- We took steps to reinforce/support social media ads.

## Net sales grew by 67.8% in the full-year earnings forecast.



\* Although we announced the consolidated financial results in the fiscal years ended June 2017 and 2018, this report contains non-consolidated results because we have changed to non-consolidated financial settlement from the fiscal year ending June 2019.

# Third Quarter of the Fiscal Year Ending June 30, 2019

– Financial Results Summary (Reference: YoY Comparison) –



## Net sales grew by 27.2% year on year.

Million yen	2019.6 3Q	2018.6 3Q	YoY Increase/Decrease	Full-year earnings forecast
Net Sales	9,812	7,714	+2,098	14,465
Gross Profit	2,989	2,359	+629	—
Gross Profit Margin (Gross Profit/Net Sales)	30.5%	30.6%		
Operating Income	143	476	-332	373
Operating Income Margin (Operating Income/Net Sales)	1.5%	6.2%		
Ordinary Income	139	487	-348	372
Net Income	91	336	-244	258
				5 yen dividend Dividend ratio: 28.2%

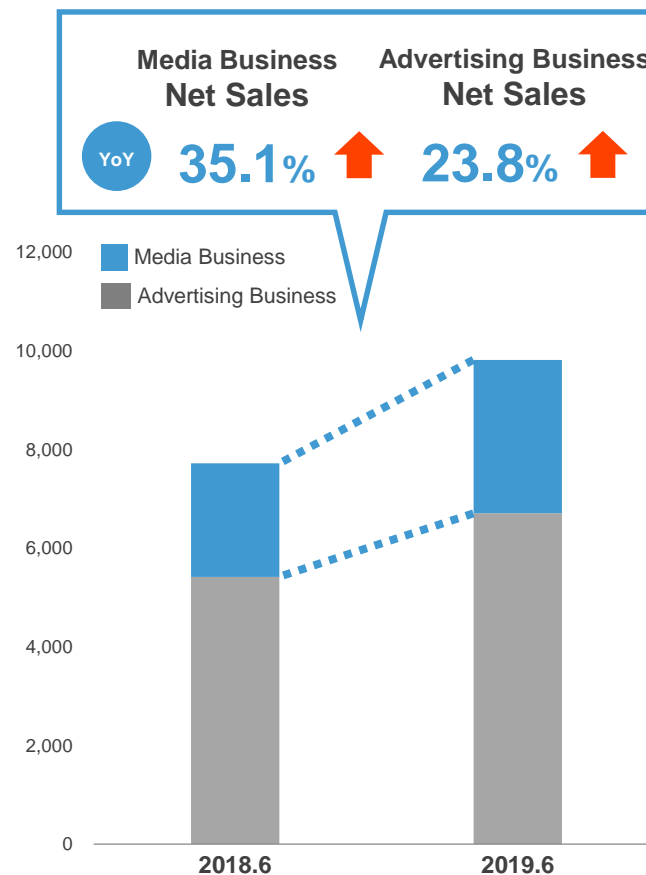
No  
change

The first year of the Medium-Term Management Plan is the  
**investment phase**

\* Although we announced the consolidated financial results in the fiscal year ended June 2018, this report contains non-consolidated results because we have changed to non-consolidated financial settlement from the fiscal year ending June 2019.

## Both the Media Business (Omiai) and the Advertising Business grew substantially.

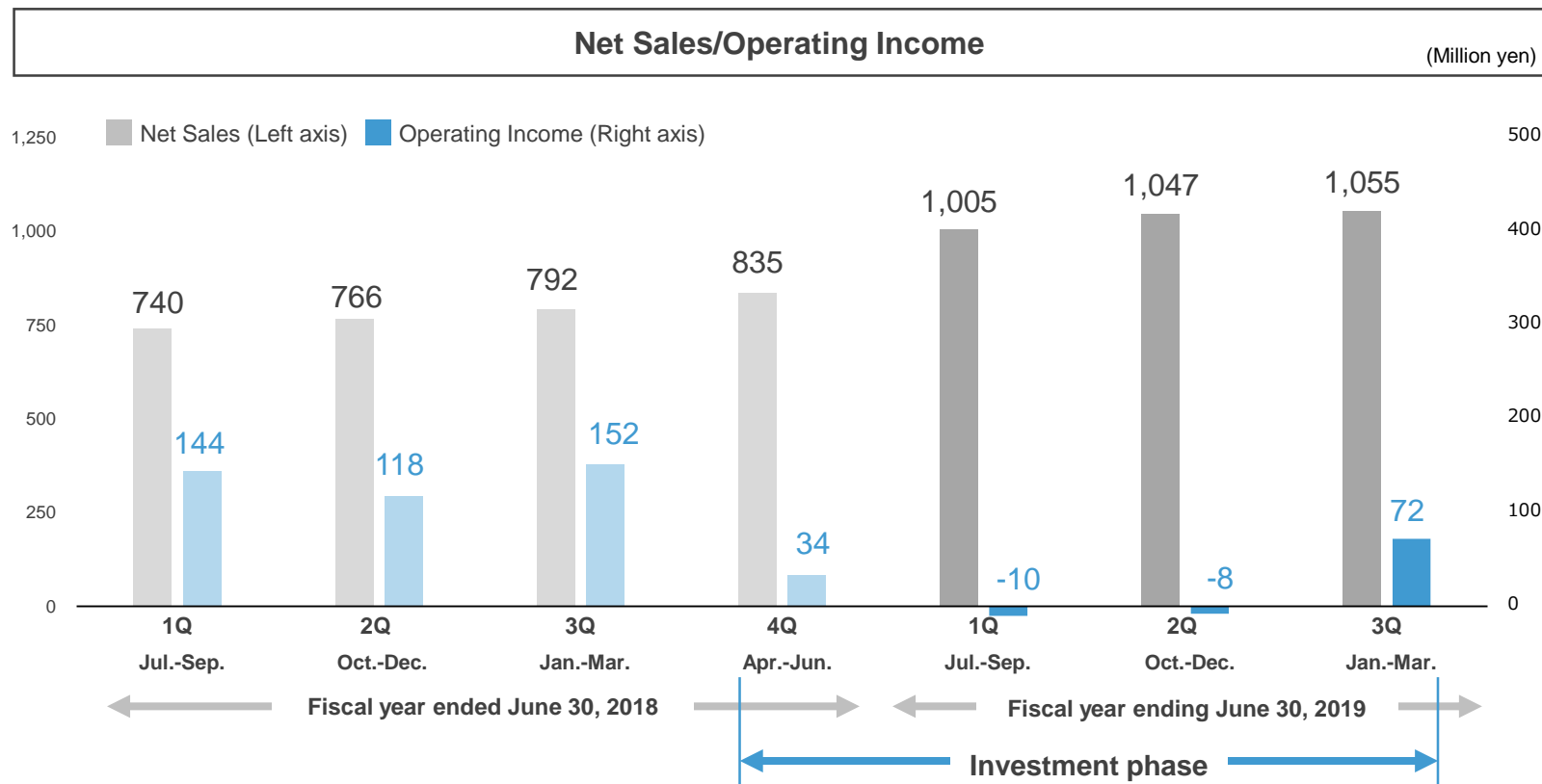
Million yen	2019.6 3Q	2018.6 3Q
<b>Media Business</b>		
Net Sales	<b>3,108</b>	2,300
Operating Income	<b>53</b>	415
Profit Margin (Operating income/Net Sales)	<b>1.7</b>	18.1%
<b>Advertising Business</b>		
Net Sales	<b>6,704</b>	5,414
Operating Income	<b>494</b>	437
Profit Margin (Operating income/Net Sales)	<b>7.4</b>	8.1%
<b>Adjustments</b>		
Net Sales	-	-0
Corporate Expenses	<b>-404</b>	-376



\* Although we announced the consolidated financial results in the fiscal year ended June 2018, this report contains non-consolidated results because we have changed to non-consolidated financial settlement from the fiscal year ending June 2019.



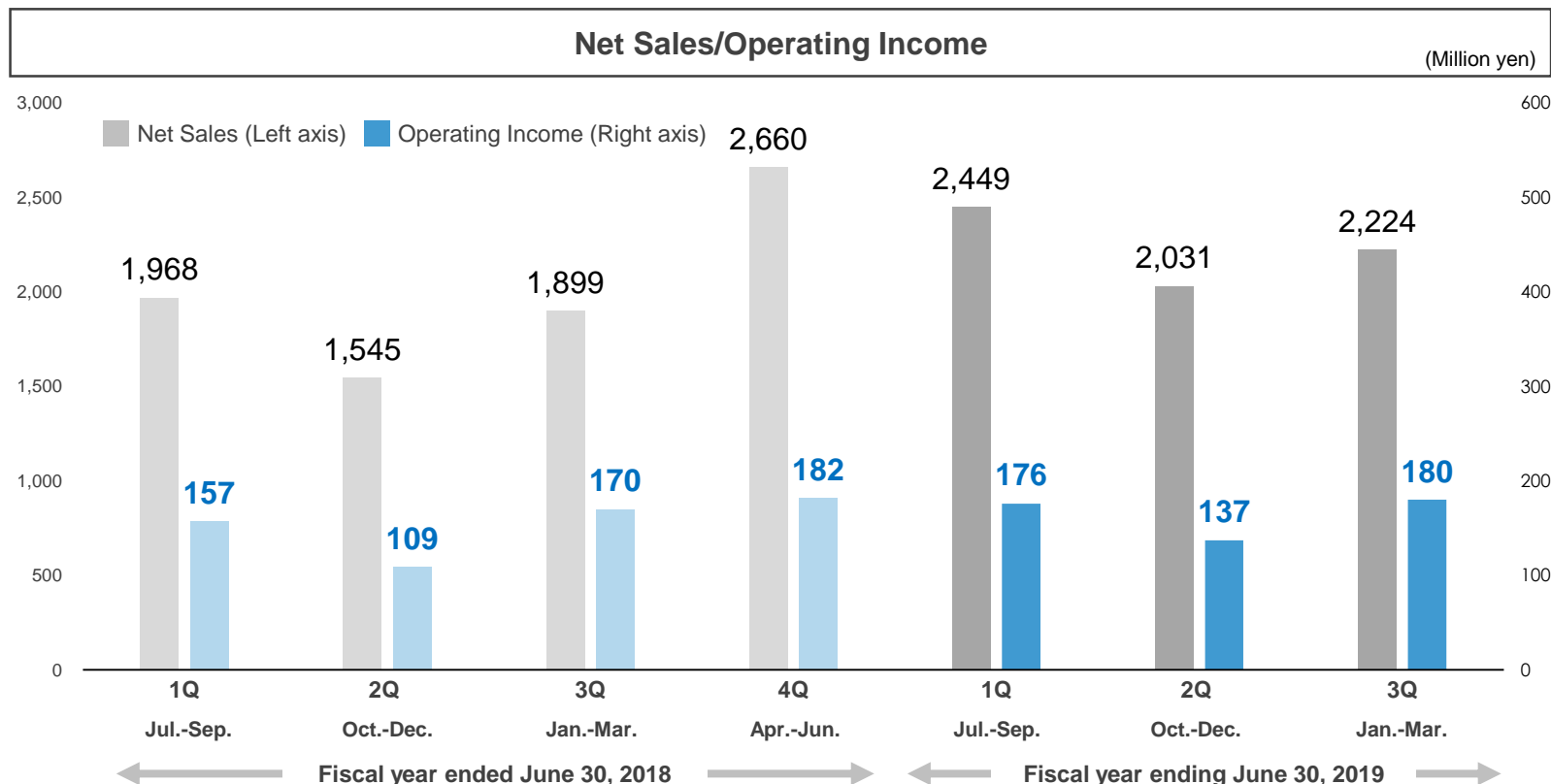
## Continue strategic investment in promotions to attract customers while optimizing marketing.



\* The figures in the graph include segment adjustments.

\* Although we announced the consolidated financial results in the fiscal year ended June 2018, this report contains non-consolidated results because we have changed to non-consolidated financial settlement from the fiscal year ending June 2019.

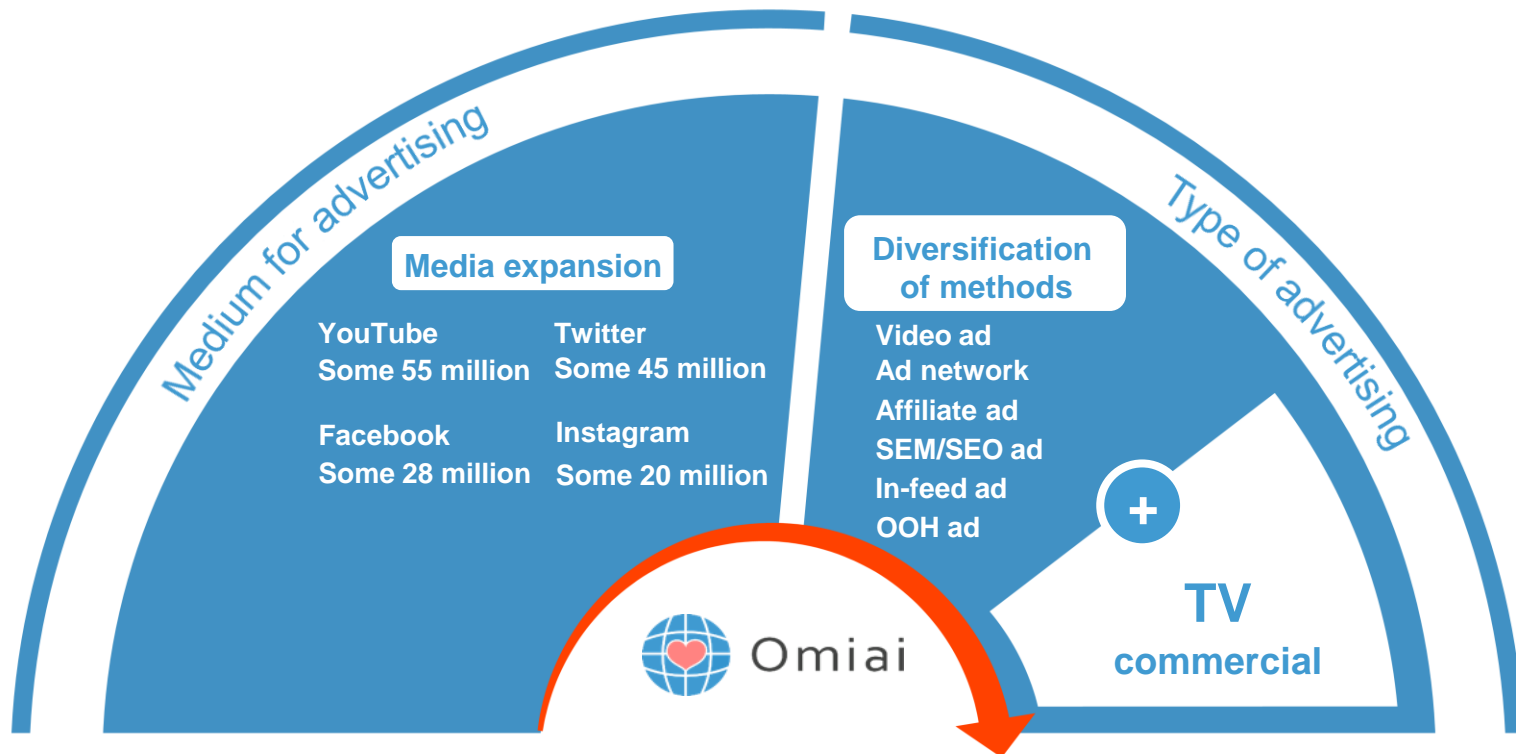
## Both net sales and operating income remained steady.



\* The figures in the graph include segment adjustments.

\* Although we announced the consolidated financial results in the fiscal year ended June 2018, this report contains non-consolidated results because we have changed to non-consolidated financial settlement from the fiscal year ending June 2019.

**Changes in the market environment, such as diversification of advertising methods and expansion of media.**  
**Took steps to optimize marketing.**

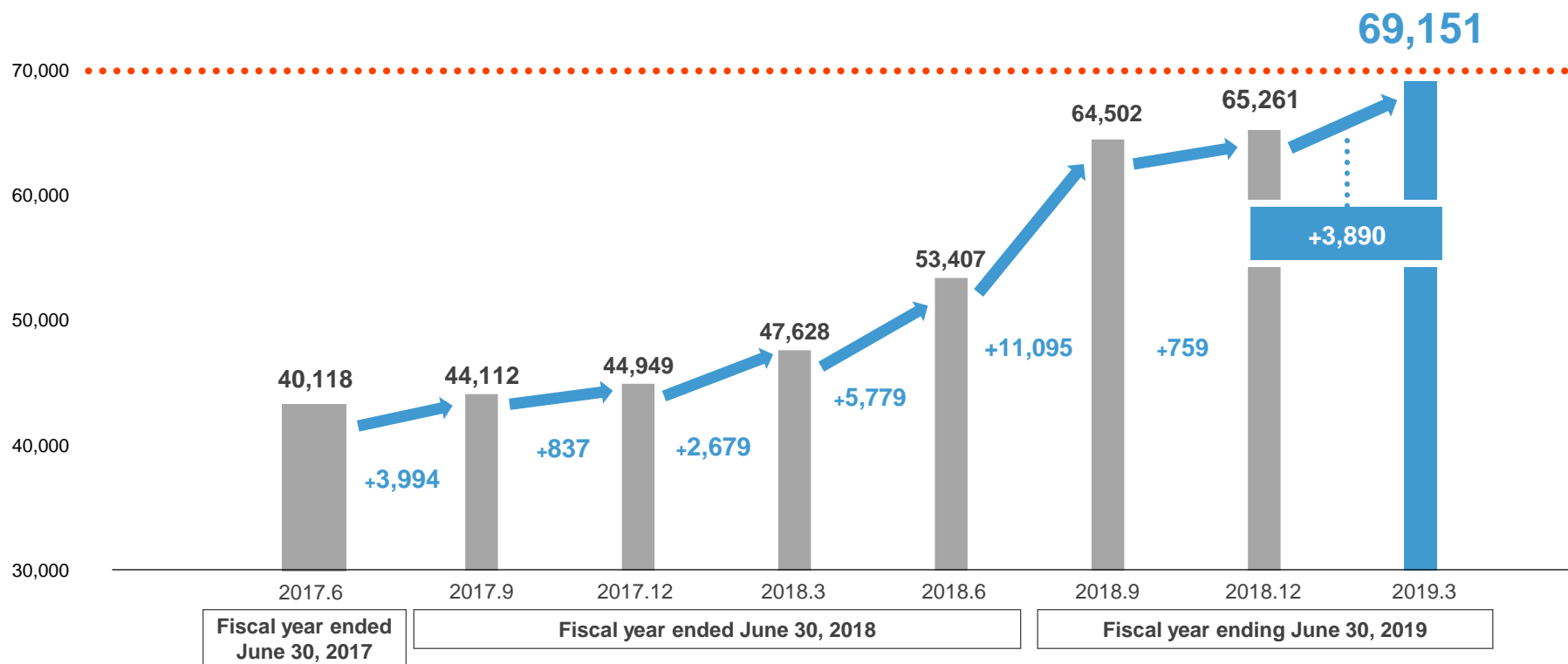


\* Nielsen survey for YouTube, official announcements by each company for others  
\* MAU is used for Facebook and Instagram, no. of monthly users are stated for Twitter and YouTube.

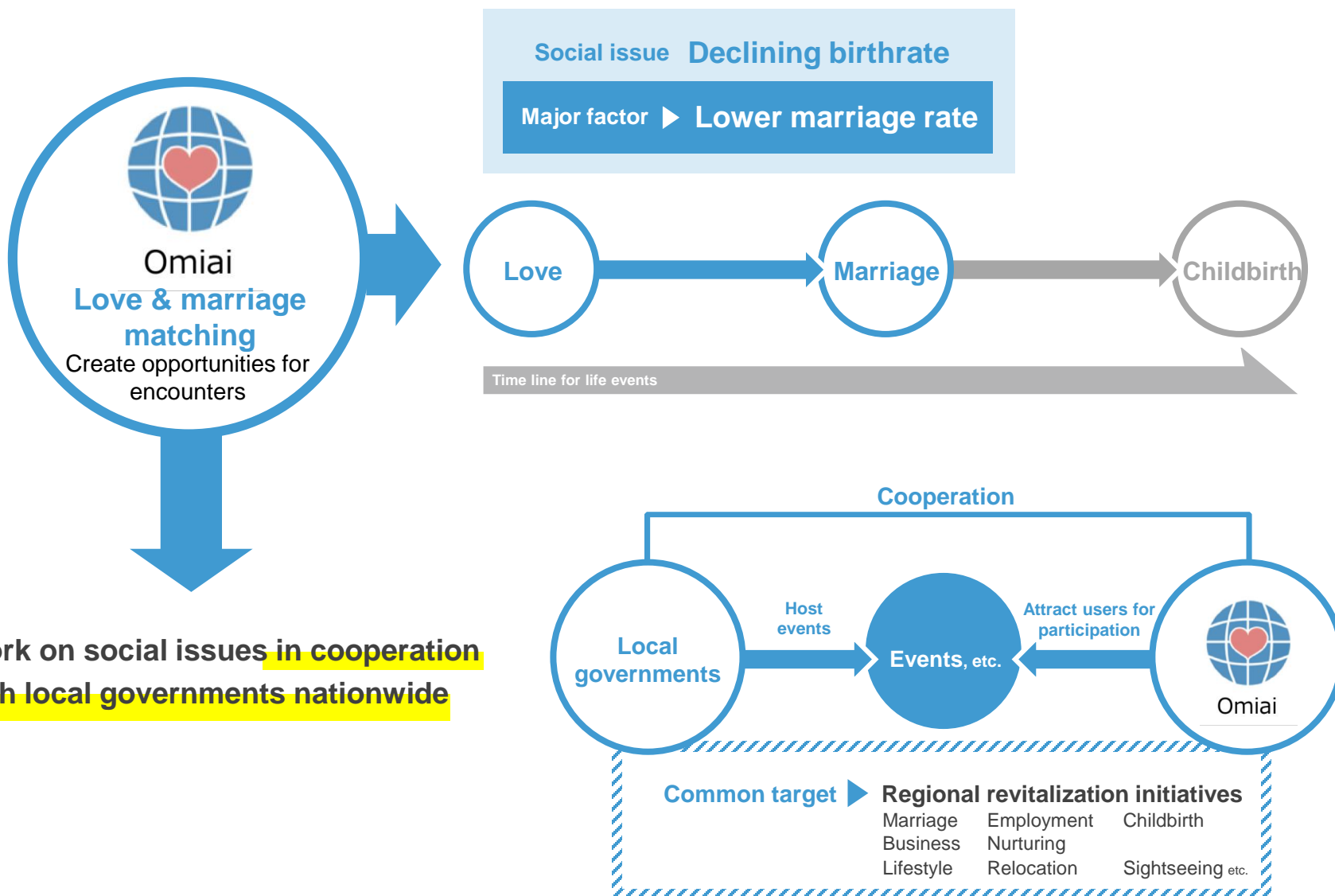
**Because of the optimization of marketing methods,  
growth in paying members is on a recovery trend.**

(Members)

80,000

**Number of paying members**

Number of members who use the monthly subscription service as of the end of June 2018 (excludes members who do not use the monthly subscription service and have purchased the point premium pack only)



# Enhance Market Recognition in Collaboration with the Local Government

– Efforts for Regional Revitalization –



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The collaboration is achieved in response to the needs of the local government.

## Local Government Collaboration Aomori Prefecture × Omiai

Private-public initiative for marriage matching  
and attracting people to regional area



President and CEO Kunihisa Miyamoto shakes hands  
with Aomori Prefecture Governor Shingo Mimura (right)

### Content of efforts

#### 1 Holding of an event

Aomori Omiai Matchmaking Party

Held on: March 23, 2019

#### 2 Appearance in the media

AOMORI × Omiai Radio

Six events planned

#### 3 Holding of an event

Marriage matching tour/ marriage  
matching party

Date: Late August 2019 or later  
Location: Aomori Prefecture



# 2

## Appendix

### Market Environment



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## Number of men and women in their 20s and 30s in Japan

Number of  
Unmarried**14.63** million

Men 8.04 million

Women 6.59 million

Total  
number**27.98** million

Men 14.19 million

Women 13.79 million

2017  
Total number of  
Internet users in Japan  
Approx.  
**100 million**

Facebook Users

Approx. 28 million

+

Non-Facebook Users

Approx. 72 million

\* Prepared by the Company based on the basic aggregation results of the 2015 Population Census (Ministry of Internal Affairs and Communications)

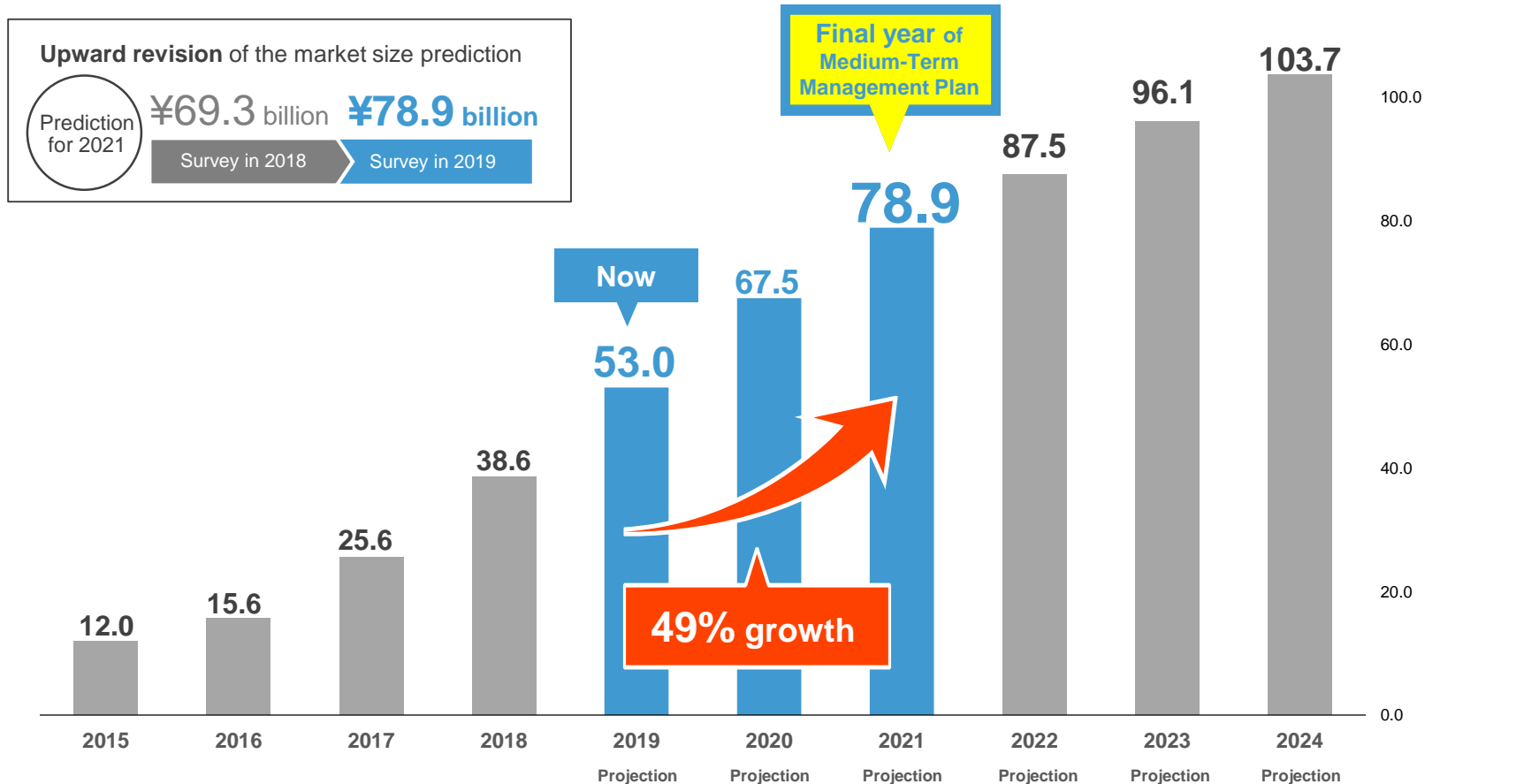
## 2 Market Data

### – Love & Marriage Matching Service Market Projection –



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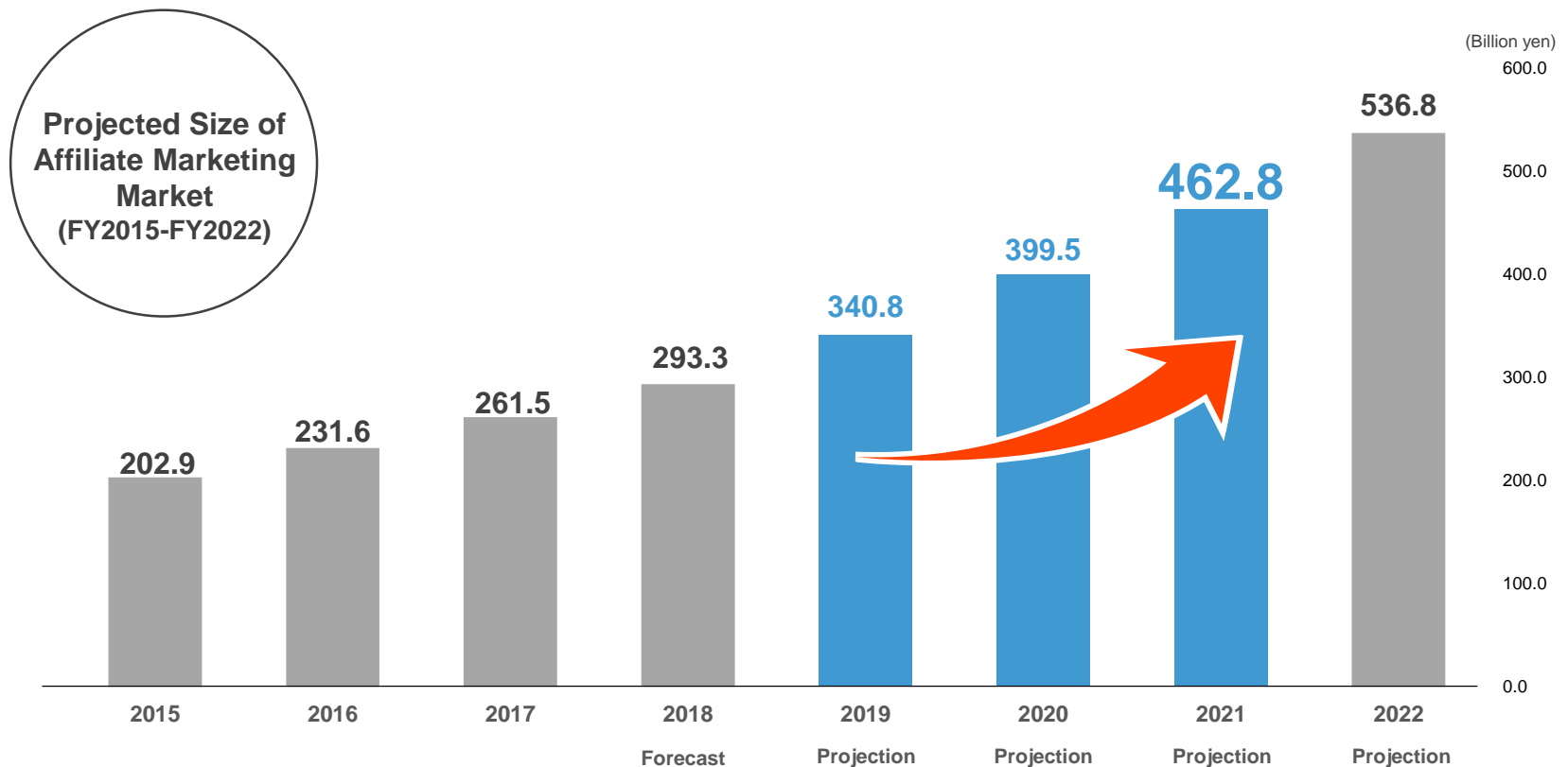
## High growth market of approx. 50% toward 2021



Source: MatchingAgent, Inc./digitalinfact

Prepared by the Company based on the Domestic Online Love & Marriage Matching Service Market Projection for 2016-2024

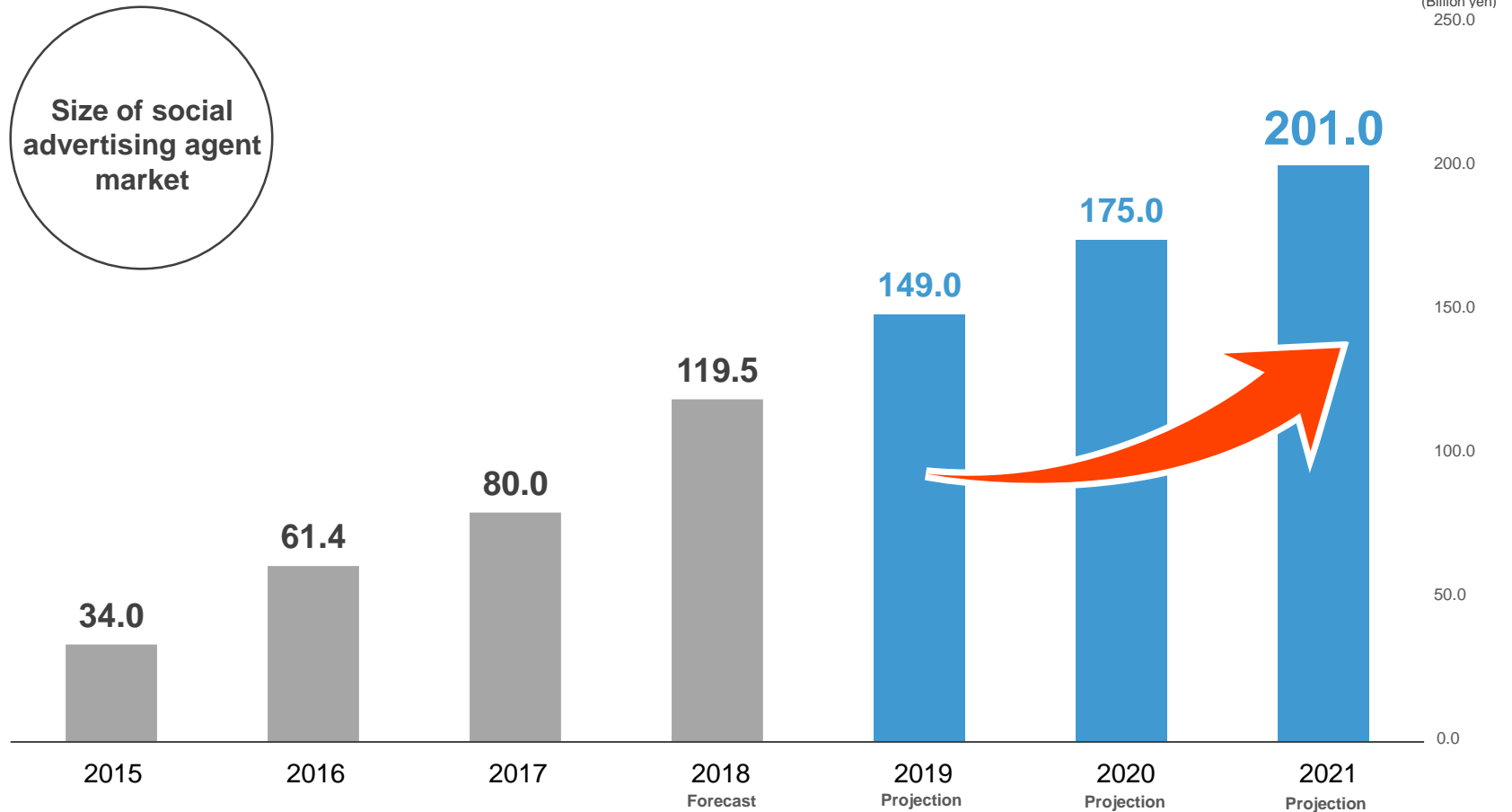
## A market where stable growth is expected toward fiscal year 2021



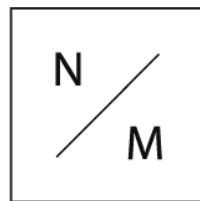
Source: "Trends in and Outlook for the Affiliate Marketing Market 2019" by Yano Research Institute

Note: Estimate for FY2018 and predictions for FY2019 and beyond as of December 2018. The market size was calculated by adding the rewards for results from affiliate advertising, fees and various expenses.

## High growth market of approx. 35% toward 2021



Source: Prepared by the Company based on MIC Research Institute 2018



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This material was prepared by Net Marketing Co. Ltd. (hereinafter referred to as “the Company”) to increase understanding of the current status of the Company. The information contained in this material is derived from various sources including knowledge within the Company and public information available to the Company and the Company makes no guarantee of the accuracy of such information. The actual performance of the Company may differ due to a variety of factors.